

Message Text

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SUBJECT: COVERAGE OF G-77 CONFERENCE, MEXICO CITY --
BACKGROUND ON COLOMBO NAC

REF: STATE 219540

FOLLOWING REPEAT COLOMBO 3115 ACTION SECSTATE USINFO
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QUOTE: UNCLAS COLOMBO 3115

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E.O. 11652: N/A
SUBJECT: NASC ECONOMIC DECLARATION

FOLLOWING ARE KEY EXCERPTS FROM NASC ECONOMIC
DECLARATION:

1. INTRODUCTION. THE HEADS OF STATE OR GOVERNMENT
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OF NON-ALIGNED COUNTRIES CONSIDER THAT ECONOMIC
PROBLEMS HAVE EMERGED AS THE MOST ACUTE PROBLEMS
IN INTERNATIONAL RELATIONS TODAY. THE CRISIS OF
THE WORLD ECONOMIC SYSTEM CONTINUES TO ASSUME EVER-

GROWING PROPORTIONS. DEVELOPING COUNTRIES ARE THE VICTIMS OF THIS WORLD-WIDE CRISIS WHICH SEVERELY AFFECTS POLITICAL AND ECONOMIC RELATIONS. THE WIDENING OF THE GAP BETWEEN DEVELOPED AND DEVELOPING COUNTRIES IS ONE OF THE MOST THREATENING SOURCES OF TENSIONS AND CONFLICTS. IT IS INCREASINGLY EVIDENT THAT THE EXISTING SYSTEM CANNOT ENSURE THE PROMOTION OF THE DEVELOPMENT OF THE DEVELOPING COUNTRIES AND HASTEN THE ERADICATION OF POVERTY, HUNGER, SICKNESS, ILLITERACY AND ALSO THE SOCIAL SCOURGES ENGENDERED BY CENTURIES OF DOMINATION AND EXPLOITATION. THUS THE ESTABLISHMENT OF THE NEW INTERNATIONAL ECONOMIC ORDER IS OF THE UTMOST POLITICAL IMPORTANCE. THE STRUGGLE FOR POLITICAL AND ECONOMIC INDEPENDENCE, FOR THE FULL SOVEREIGNTY OVER NATURAL RESOURCES AND DOMESTIC ACTIVITIES AND FOR THE GREATER PARTICIPATION OF DEVELOPING COUNTRIES IN THE PRODUCTION AND DISTRIBUTION OF GOODS, AND THE RENDERING OF SERVICES AND BASIC CHANGES IN THE INTERNATIONAL DIVISION OF LABOR ASSUMES THE HIGHEST PRIORITY. BREAKING UP OF THE RESISTANCE TO THE STRUGGLE FOR THE NEW ORDER REPRESENTS THE PRIMARY TASK OF THE NON-ALIGNED AND OTHER DEVELOPING COUNTRIES. THE ELIMINATION OF FOREIGN AGGRESSION, FOREIGN OCCUPATION, RACIAL DISCRIMINATION, APARTHEID, IMPERIALISM, COLONIALISM AND NEO-COLONIALISM AND ALL OTHER FORMS OF DEPENDENCE AND SUBJUGATION, INTERFERENCE IN INTERNAL AFFAIRS, DOMINATION AND EXPLOITATION ARE CRUCIAL TO THE ECONOMICS OF NON-ALIGNMENT.

III. THE PRESENT INTERNATIONAL ECONOMIC SITUATION AND THE PROSPECTS FOR THE DEVELOPING COUNTRIES.

2. OVER THE YEARS THE ECONOMIC SITUATION OF MOST DEVELOPING COUNTRIES, SPECIALLY THE LEAST DEVELOPED, AND THE MOST SERIOUSLY AFFECTED COUNTRIES HAS CONTINUED TO DETERIORATE AND THE RESULTANT DEBT UNCLASSIFIED

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BURDENS ON THESE COUNTRIES HAVE REACHED INTOLERABLE LEVELS.

3. THE FOREIGN EXCHANGE EARNINGS OF THE DEVELOPING COUNTRIES DEPEND BASICALLY ON THEIR EXPORTS OF RAW MATERIALS AND PRIMARY COMMODITIES. THE RELATIVE IMPROVEMENT OF THE LEVEL OF PRICES OF SOME OF THESE COMMODITIES IN 1973/74, WHICH WAS SHORT-LIVED, DID NOT AT ALL COMPENSATE FOR THE DETERIORATION IN THEIR TERMS OF TRADE WHICH CHARACTERIZED THE POST-WAR PERIOD. THE DECLINE IN THEIR REAL VALUE IS CONTINUING AND IS TODAY ASSUMING DISQUIETING PROPORTIONS AS A RESULT OF THE STAGGERING RISE IN THE PRICES

OF MANUFACTURED GOODS, FOODSTUFFS, CAPITAL GOODS AND SERVICES IMPORTED BY THE DEVELOPING COUNTRIES....

4. DESPITE THE CONTINUING ASSURANCES GIVEN BY THE DEVELOPED COUNTRIES TO RELAX AND ELIMINATE BARRIERS TO TRADE FOR THE PRODUCTS OF DEVELOPING COUNTRIES, PROGRESS SO FAR HAS NOT BEEN SATISFACTORY. HOWEVER IT SHOULD BE NOTED THAT THE AGREEMENTS CONCLUDED BETWEEN SOME DEVELOPED COUNTRIES AND DEVELOPING COUNTRIES CONSTITUTE A SIGN OF HOPE IN THIS FIELD. THE GENERALIZED SCHEME OF PREFERENCES THOUGH A USEFUL SCHEME OF TRADE LIBERALIZATION NEEDS SUBSTANTIAL IMPROVEMENT....

5. THERE HAS BEEN A PHENOMENIAL RISE IN THE DEFICIT IN THE BALANCE OF PAYMENTS OF DEVELOPING COUNTRIES WHICH AS INCREASED FROM ABOUT \$12.2 BILLION IN 1973 TO \$33.6 BILLION IN 1974 AND TO OVER \$40 BILLION IN 1975. SOME ESTIMATES INDICATE THAT THIS FIGURE COULD REACH \$112 BILLION BY 1980 GIVEN THE PRESENT TRENDS. THIS UNPRECEDENTED SITUATION IS NOT THE PRODUCT OF CONJUNCTURAL FACTORS, BUT THE REFLECTION OF THE STRUCTURAL CRISIS THAT CHARACTERIZES THE PRESENT ECONOMIC REALTIONS WHICH ORIGINATE IN THE COLONIAL AND NEO-COLONIAL POLICY OF IMPERIALISM....

6. THE FLOW OF FINANCIAL RESOURCES TO THE DEVELOPING COUNTRIES AMOUNTED TO ONLY ABOUT \$20 BILLION IN UNCLASSIFIED

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1975 IN CONTRAST TO THE EXPENDITURE OF ARMAMENTS THAT HAS BEEN INCREASING AT A PHENOMENAL RATE AND HAS NOW REACHED THE STAGGERING FIGURE OF \$300 BILLION PER ANNUM. THE HEADS OF STATE OR GOVERNMENT OF THE NON-ALIGNED COUNTRIES REAFFIRM THAT MUCH OF THE DEVELOPMENT REQUIREMENTS OF DEVELOPING COUNTRIES WOULD BE MET IF A SUBSTANTIAL PART OF THE RESOURCES FREED BY MEASURES IN THE FIELD OF DISARMAMENT BY THE MAIN WORLD MILITARY POWERS COULD BE USED TO PROMOTE THE ECONOMIC DEVELOPMENT OF DEVELOPING COUNTRIES....

7. INDUSTRIALIZATION IS A DYNAMIC INSTRUMENT OF DEVELOPMENT FOR THE SOCIAL AND ECONOMIC PROGRESS OF THE DEVELOPING COUNTRIES. IT IS ALSO LINKED TO THE PROMOTION AND EXPANSION OF TRADE NOT ONLY AMONGST THE DEVELOPING COUNTRIES BUT ALSO WITH THE DEVELOPED COUNTRIES. IT IS NECESSARY TO ENSURE THAT THIS EXPANSION IS NOT THWARTED. THE REDEPLOYMENT OF APPROPRIATE INDUSTRIES AND THE PROVISION OF THE NECESSARY SUPPORT FOR BUILDING UP A SOUND TECHNOLOGICAL BASE IN THE DEVELOPING COUNTRIES SHOULD BE EXPEDITED....

9. THE DEVELOPING COUNTRIES AND MAINLY THE LEAST DEVELOPED, LAND-LOCKED AND ISLAND DEVELOPING COUNTRIES AND OTHER GEOGRAPHICALLY DISADVANTAGED COUNTRIES HAVE BEEN MOST SERIOUSLY AFFECTED, INTER ALIA, AS A RESULT OF SHORTAGES IN FOOD SUPPLIES AND THE RISE IN THE PRICES OF IMPORTED FOOD. THE EXISTING DEFICIENCY OF FOOD GRAINS OF 20 MILLION TONS ANNUALLY IN THE DEVELOPING COUNTRIES WOULD INCREASE TO 100 MILLION TONS IN THE YEAR 2000 IF PRESENT TRENDS OF PRODUCTION CONTINUE AS A RESULT OF INSUFFICIENT INVESTMENT IN FOOD PRODUCTION IN DEVELOPING COUNTRIES. IN VIEW OF THIS SITUATION INCREASED INVESTMENT IN FOOD PRODUCTION IN DEVELOPING COUNTRIES BECOMES IMPERATIVE. LOANS AND OTHER SOURCES OF FINANCING INVESTMENT IN FOOD PRODUCTION SHOULD THEREFORE BE PROVIDED TO DEVELOPING COUNTRIES AS GRANTS OR ON CONCESSIONARY TERMS, PARTICULARLY FOR THE LEAST DEVELOPED COUNTRIES.

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THE CONFERENCE NOTED WITH SATISFACTION THE CREATION OF THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT. IT EXPRESSES THE HOPE IN THE SPEEDY AND EFFECTIVE OPERATION OF THE FUND AND CALLS UPON THE DEVELOPED COUNTRIES TO INCREASE THEIR CONTRIBUTIONS TO THE FUND. IT ALSO URGES THE EARLY IMPLEMENTATION OF THE OTHER RECOMMENDATIONS OF THE WORLD FOOD CONFERENCE ESPECIALLY THE ESTABLISHMENT OF AN INTERNATIONAL EMERGENCY GRAIN RESERVE.

10. THE LACK OF AN EQUITABLE INTERNATIONAL MONETARY SYSTEM IS OF DEEP CONCERN, AND HAS AGGRAVATED THE ECONOMIC PROBLEMS OF THE DEVELOPING COUNTRIES. ATTEMPTS AT REFORM WITHIN THE FRAMEWORK OF EXISTING MONETARY RELATIONS WHICH IS UNDER THE CONTROL OF A FEW DEVELOPED CAPITALIST COUNTRIES HAVE ENDED IN FAILURE. THESE COUNTRIES HAVE EXERTED UNDUE INFLUENCE IN DECISION MAKING IN MATTERS RELATING TO MONETARY SYSTEMS AND THE SOLUTIONS OF THE PROBLEMS OF DEVELOPING COUNTRIES ARE SOUGHT ON THE BASIS OF TEMPORARY AND INEFFICIENT ARRANGEMENTS. THE HEADS OF STATE OR GOVERNMENT OF THE NON-ALIGNED COUNTRIES REAFFIRM THAT THE SOLUTION OF THE ECONOMIC PROBLEMS OF DEVELOPING COUNTRIES REQUIRES THE ESTABLISHMENT OF A NEW, UNIVERSAL AND EQUITABLE MONETARY ORDER.

11. THE EFFICIENCY AND EQUITABILITY OF THE SYSTEM TO BE ESTABLISHED WILL DEPEND LARGELY ON THE INFLUENCE WHICH THE INTERNATIONAL COMMUNITY WILL BE ABLE TO EXERT COLLECTIVELY ON THE CONDITIONS

OF CREATION AND UTILIZATION OF ADDITIONAL LIQUIDITY, TAKING DUE ACCOUNT OF THE INTERESTS OF THE DEVELOPING COUNTRIES. IT IS THEREFORE A MATTER OF URGENCY THAT LIQUIDITY SHOULD BE CREATED WHICH IS AUTOMATICALLY TIED TO THE FINANCING NEEDS OF DEVELOPMENT AND THAT THE DEVELOPING COUNTRIES SHOULD BE GUARANTEED THEIR RIGHTFUL AND EQUITABLE SHARE IN THE MONETARY DECISION-MAKING PROCESS.

V. THE NEW INTERNATIONAL ECONOMIC ORDER.

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5. THE HEADS OF STATE OR GOVERNMENT OF NON-ALIGNED COUNTRIES REAFFIRM THEIR VIEW THAT NOTHING SHORT OF A COMPLETE RESTRUCTURING OF EXISTING INTERNATIONAL ECONOMIC RELATIONS WILL PROVIDE AN ENDURING SOLUTION TO WORLD ECONOMIC PROBLEMS. THEY REAFFIRM THEIR DETERMINATION TO SECURE THROUGH COLLECTIVE ACTION THE ESTABLISHMENT AND IMPLEMENTATION OF THE NEW INTERNATIONAL ECONOMIC ORDER AS IT HAS BEEN MANIFESTED AND ENVISAGED IN VARIOUS RESOLUTIONS. SUCH AN ORDER SHOULD CONSIST, INTER ALIA, OF THE FOLLOWING ESSENTIAL ELEMENTS:

(A) FUNDAMENTAL RESTRUCTURING OF THE ENTIRE APPARATUS OF INTERNATIONAL TRADE WITH A VIEW TO INDEXATION, IMPROVING THE TERMS OF TRADE OF DEVELOPING COUNTRIES AND ENSURING FAIR AND REMUNERATIVE PRICES IN REAL TERMS TO PRIMARY EXPORT PRODUCTS AND AN APPROPRIATE SHARE OF WORLD TRADE FOR DEVELOPING COUNTRIES THROUGH THE EXPANSION OF PROCESSING, DIVERSIFICATION AND FULL PARTICIPATION IN TRANSPORT, MARKETING AND DISTRIBUTION OF THEIR PRODUCTS. URGENT AND FULL IMPLEMENTATION OF THE INTEGRATED PROGRAMME OF COMMODITIES....;

(B) BASIC RESTRUCTURING OF WORLD PRODUCTION ON THE BASIS OF A NEW INTERNATIONAL DIVISION OF LABOR THROUGH IMPROVED ACCESS TO THE MARKETS OF THE DEVELOPED COUNTRIES FOR THE MANUFACTURED PRODUCTS OF DEVELOPING COUNTRIES, TRANSFER OF APPROPRIATE TECHNOLOGY ON FAVORABLE TERMS AND CONDITIONS, REDEPLOYMENT OF SUITABLE INDUSTRIES FROM DEVELOPED COUNTRIES TO DEVELOPING COUNTRIES, HARMONIZATION OF PRODUCTION OF SYNTHETICS AND SUBSTITUTES IN DEVELOPED COUNTRIES WITH THE SUPPLY OF NATURAL PRODUCTS FROM DEVELOPING COUNTRIES, THE ELIMINATION OF RESTRICTIVE BUSINESS PRACTICES AND EFFECTIVE CONTROL OF THE ACTIVITIES OF TRANSNATIONAL CORPORATIONS IN CONFORMITY WITH THE DEVELOPMENT OBJECTIVES OF DEVELOPING COUNTRIES;

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(C) RADICAL OVERHAULING OF THE PRESENT INTERNATIONAL MONETARY ARRANGEMENTS WHICH ARE CHARACTERIZED BY THE ABSENCE OF A RATIONAL, EQUITABLE AND UNIVERSAL SYSTEM, CHAOTIC CURRENCY FLUCTUATIONS, HAPHAZARD GROWTH OF INTERNATIONAL LIQUIDITY, WIDESPREAD INFLATION, LACK OF RESPONSIVENESS TO THE NEEDS OF DEVELOPING COUNTRIES AND THE DOMINATION OF DECISION MAKING BY A FEW DEVELOPED COUNTRIES....(D) ENSURING ADEQUATE TRANSFER OF RESOURCES FOR DEVELOPMENT ON AN ASSURED, CONTINUOUS AND PREDICATABLE BASIS WITH RESPECT TO THE CRITERIA OF INDEPENDENCE AND IN A NON-DISCRIMINATORY MANNER NOT LIKELY TO CREATE DIVISION AMONG DEVELOPING COUNTRIES;

(E) FINDING URGENT AND ADEQUATE SOLUTIONS TO THE PROBLEM OF OFFICIAL DEBTS PARTICULARLY FOR THE LEAST DEVELOPED AND THE MOST SERIOUSLY AFFECTED COUNTRIES;

(F) PROVIDING ADEQUATE RESOURCES AND APPROPRIATE TECHNOLOGIES ON FAVORABLE TERMS FOR INVESTMENT TO ENSURE INCREASED PRODUCTION OF FOOD AND AGRICULTURAL INPUTS IN DEVELOPING COUNTRIES;

(G) THE RIGHT OF DEVELOPING LAND-LOCKED COUNTRIES TO FREE ACCESS TO AND FROM THE SEA IN ACCORDANCE WITH RESOLUTION NO.2 OF THE FOURTH CONFERENCE OF THE HEADS OF STATE OR GOVERNMENT OF NON-ALIGNED COUNTRIES AND THE DAKAR DECLARATION OF FEBRUARY 1975. (SOME DEVELOPING COUNTRIES EXPRESSED THEIR RESERVATION ON THIS.)

VI. COLLECTIVE SELF-RELIANCE.

1. THE HEADS OF STATE OR GOVERNMENT OF THE NON-ALIGNED COUNTRIES ARE OF THE FIRM BELIEF THAT ONLY A CONFIDENT SPIRIT OF COLLECTIVE SELF-RELIANCE ON THE PART OF THE DEVELOPING COUNTRIES CAN GUARANTEE THE EMERGENCE OF THE NEW ADVANCEMENT. TO THIS END, THE MEXICO CONFERENCE ON ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES

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SHOULD EXAMINE THE VARIOUS ALTERNATIVE MECHANISMS AND ARRANGEMENTS TO ACHIEVE THAT PURPOSE.

VII. INTERDEPENDENCE WITHIN THE GLOBAL ECONOMY.

2. THE HEADS OF STATE OR GOVERNMENT OF NON-ALIGNED COUNTRIES RECOGNIZE THAT THE RESPONSIBILITY FOR USHERING IN A NEW ERA OF JUST AND EQUITABLE RELATIONSHIP BELONGS TO ALL BUT SPECIALLY TO THE DEVELOPED COUNTRIES. HOWEVER, SUCH RESPONSIBILITY LIES MORE HEAVILY ON THOSE WHO WIELD ECONOMIC POWER....

3. THE HEADS OF STATE OR GOVERNMENT OF NON-ALIGNED COUNTRIES, THEREFORE, CALL UPON THE DEVELOPED WORLD TO GIVE CONVINCING EXPRESSION TO THEIR FAITH IN THE PRINCIPLE OF GLOBAL INTERDEPENDENCE BY ADOPTING A RANGE OF MEASURES WHICH ALONE WILL LEAD TO TRUE INTERNATIONAL COOPERATION AND EMERGENCE OF THE NEW ECONOMIC ORDER.

WILL ADVISE YOU EMBTEL ON HIGHLIGHTS ECONOMIC ACTION PROGRAM. VON GLATZ UNQUOTE KISSINGER KISSINGER

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